

Message Text

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ACTION H-03

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TO SECSTATE WASHDC 5732
INFO AMCONSUL RIO DE JANEIRO
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E.O. 11652: N/A
TAGS: OREP, EGEN, BR, EAID
SUBJ: FINANCE MINISTRY OFFICIALS' COMMENTS ON INTERNATIONAL
ASSISTANCE

REF: A) 0339 BRASILIA, B) BRASILIA 0380

1. DURING CODEL REUSS'S MEETING WITH FINANCE MINISTER SIMONSEN ON JANUARY 11 BOTH SIMONSEN AND HIS INTERNATIONAL ADVISOR ARY PINTO COMMENTED ON THE VALUE OF INTERNATIONAL ASSISTANCE. CONGRESSMAN MOORHEAD ASKED THE FINANCE MINISTER ABOUT BRAZIL'S RELATIONSHIP WITH INTERNATIONAL FINANCIAL INSTITUTIONS. SIMONSEN EXPLAINED THAT BRAZIL IS THE WORLD'S LARGEST BORROWER FROM BOTH IDB AND IBRD. HE ALSO MENTIONED THAT FINAL FUNDING FROM USAID WAS MOVING THROUGH THE PIPELINE. THE MINISTER SAID THAT CUMULATIVE TOTAL AID ASSISTANCE TO BRAZIL WAS DOLS 1.4 BILLION, BUT THAT THE SIGNIFICANCE WAS FAR BEYOND THE ACTUAL AMOUNT. IT HAD HAD A "CATALYTIC EFFECT". ARY PINTO POINTED OUT THAT MUCH OF THIS ASSISTANCE HAD COME DURING A CRITICAL TIME FOR BRAZIL -- 1965/1968. SIMONSEN AGREED, SAYING THAT BRAZIL HAD HAD DIFFICULTY OBTAINING LOANS AND ASSISTANCE ELSEWHERE DURING THIS PERIOD AND THAT THEREFORE THE USAID ASSISTANCE WAS

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PARTICULARLY TIMELY AND MEANINGFUL. (FYI: THE DOLS 1.4 BILLION FIGURE DOES NOT INCLUDE PL-480 LOANS AND GRANTS.)

2. THE FINANCE MINISTER PURSUED ONE OTHER THEME REGARDING IFI'S, NAMELY THE TRAINING AND DISCIPLINE WHICH RESULTS FROM PREPARING PROJECT PROPOSALS AND REPORTS FOR AID AND IDB. HE SAID THAT THESE

EXERCISES HAD PROVIDED MORE THAN MERE EXPERIENCE. FOR THE BRAZILIAN PARTICIPANTS THE INTERCHANGE WITH IFIS HAD HONED BOTH CONCEPTUAL AND PROCEDURAL METHODOLOGY AMONG BRAZILIANS. HE SUGGESTED THAT THE GOB'S PRESENT ABILITY TO MANAGE ITS ECONOMIC MODEL WAS IN PART ATTRIBUTABLE TO THE EXPERIENCE AND STIMULATION GAINED FROM THE GOB'S INTERCHANGE WITH IFIS.

3. COMMENT. WILLIAM ELLIS, PRESENTLY THE IDB'S REPRESENTATIVE IN RIO DE JANEIRO AND FORMER AID DIRECTOR IN BRAZIL, ACCOMPANIED THE CODEL ON ITS CALL ON SIMONSEN, ALTHOUGH ELLIS MODESTLY TOOK A BACK SEAT DURING THE MEETING, FOREIGN MINISTER SIMONSEN WAS QUICK TO ACKNOWLEDGE ELLIS'S PRESENCE (CITING HIS EARLIER AND PRESENT POSITION IN BRAZIL) WHEN THE SUBJECT OF IFIS AROSE. HE THANKED ELLIS PERSONALLY AS WELL AS CITING AID'S AND IDB'S ROLES IN BRAZIL'S DEVELOPMENT. EMBASSY OFFICERS ACCOMPANYING CODEL RUESS BELIEVE THAT THE POSITIVE COMMENTS OF BOTH SIMONSEN AND PINTO WERE MEANT AS SINCERE EXPRESSIONS OF APPRECIATION FOR ASSISTANCE RECEIVED AS WELL AS REALISTIC ASSESSMENTS OF ITS SIGNIFICANCE TO BRAZIL. THEIR STATEMENTS WERE DIRECT AND SIMPLE AND IN KEEPING WITH THEIR USUAL STYLE AS WELL AS THE TONE OF THE ENTIRE MEETING. LIMITED OFFICIAL USE

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(SEE REFTEL (A) FOR FULL REPORT ON MEETING.) END COMMENT.

4. REFTEL (B) IS FIRST OF SERIES ASSESSING ECONOMIC ASSISTANCE TO BRAZIL. ABOVE IS SUPPORTIVE OF OUR ANALYSIS IN PARA 2 OF REFTEL (B). JOHNSON

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